

LA PERLA

FASHION HOLDING N.V.

La Perla Fashion Holding N.V.
Registered office: Schiphol Boulevard 127, G4.02, 1118 BG Schiphol, the Netherlands

Press Release

October 11, 2019

Interim Results for the Six Months ended 30 June 2019

Paris, October 11, 2019 – La Perla Fashion Holding N.V. (“La Perla” and together with its consolidated subsidiaries, the “Group”), a luxury fashion holding company and leading designer, manufacturer and retailer of luxury lingerie, nightwear and swimwear, announces its interim results for the six months ended 30 June 2019.

Financial overview

€ 000 unless stated	Consolidated La Perla Group	Combined La Perla Fashion Holding N.V. and La Perla Global Management Ltd.*
	HY 2019	HY 2018
Revenue	40,314	59,487
Gross profit margin (%)	42	36
Operating profit/(loss)	(42,179)	(47,940)
Profit/(loss) for the half year	(46,712)	(45,478)
Earnings (loss) per share in €	(0.46)	(0.45)
Total assets	122,468 ¹	152,915 ²

¹ As at 30 June 2019

² As at 31 December 2018

**On February 25, 2018 the Company acquired 100% of the voting shares of La Perla Global Management (UK) Ltd., a non-listed company based in the United Kingdom. For the purposes of a comparable analysis of year-on-year performance, the half year summary is presented on a pro-forma basis as if the acquisition had taken place on 1 January 2018. The La Perla Fashion Holding N.V. consolidated accounts are published from page 5 onwards.*

The accounts can be viewed in full in the appendix.

Operational report

After a challenging year in 2018, the Group has been implementing a restructuring program to transform its business. Restructuring activity included:

- Simplifying and resizing La Perla’s organizational structure, including rationalizing its workforce;
- Re-establishing its production and sourcing capability;
- Streamlining La Perla’s points of sale in order to focus on high-potential locations;
- Improving La Perla’s inventory management.

At the same time, La Perla is in the early stages of implementing its business revitalization strategy, which includes the following elements:

- Modernizing the La Perla brand to engage a broader audience;
- Revitalizing the product to be more relevant for today's luxury consumer;
- Bringing a digital mindset to all stages of La Perla's consumer interaction;
- Enhancing La Perla's retail proposition;
- Building operational excellence, which includes investment in back-of-house infrastructure.

La Perla's first half results (on pro-forma basis) reflect these transformation initiatives and are in line with management expectations. Factors underlying the revenue decline include the effect of discontinued product categories, the reduction in selling space, production complications reducing the supply of fresh merchandise to stores and a decline in promotional activity. Gross margin benefitted from the reduced promotional activity and supply chain rationalization. The reduction in sales, general, and administrative expenses was largely driven by the retail space rationalization and reduction in headcount. The small improvement in operating profit resulted from these factors.

La Perla's management team is continuing to implement its revitalization strategy and will update investors on progress in line with market practice.

Enquiries

Finsbury, Edward Simpkins/Jenny Bahr: LaPerla-LON@finsbury.com / +44 207 251 38 01

About La Perla:

La Perla Fashion Holding N.V., a luxury fashion holding company, is the direct shareholder of La Perla Global Management (UK) Limited and its subsidiaries (the "Operating La Perla Group"). La Perla, through the Operating La Perla Group, is a leading designer, manufacturer and retailer of luxury lingerie, nightwear and swimwear. The group operates under the brand "La Perla". Founded in 1954 in Bologna, Italy, the brand is renowned for its heritage and craftsmanship.

This release may contain forward-looking statements, i.e., statements that do not relate to historical facts or events. By their nature, forward-looking statements involve known and unknown risks and uncertainties, both general and specific. La Perla Fashion Holding N.V. bases these statements on its current plans, estimates, projections and expectations and they relate to events and are based on current assumptions that may not occur in the future. These forward-looking statements may not be indicative of future performance; the actual outcome of the financial condition and results of operations of La Perla Fashion Holding N.V. and its consolidated subsidiaries, and the development of economic conditions, may differ materially from, in particular be more negative than, those conditions expressly or implicitly assumed or described in such statements. Even if the actual results of the La Perla Fashion Holding N.V. or its consolidated subsidiaries, including the financial condition, results of operations and economic conditions, develop in line with the forward-looking statements contained in this press release, there can be no assurance that this will be the case in the future.

Appendix:

La Perla Fashion Holding N.V. Amsterdam

Unaudited interim condensed consolidated financial statements
30 June 2019

Contents

Unaudited interim condensed consolidated financial statements 30 June 2019	5
Interim condensed consolidated statement of comprehensive income	6
Interim condensed consolidated statement of financial position	7
Interim condensed consolidated statement of changes in equity	8
Interim condensed consolidated cash flow statement	9
Notes to the interim condensed consolidated financial statements.....	10
1. Corporate and group information including business, operations and management	10
2. Basis of preparation.....	10
3. Revenues	11
4. Financial income/(expenses).....	11
5. Intangible fixed assets	12
6. Tangible fixed assets	13
7. Equity	13
8. Borrowings	14
9. Significant events	14
10. Subsequent events	14
11. Related party transactions	14
12. Ultimate controlling party	15
13. La Perla Group companies	15

Unaudited interim condensed consolidated financial statements 30 June 2019

Interim condensed consolidated statement of comprehensive income

For the half year ended 30 June 2019

	HY 2019 1 January 2019 - 30 June 2019	HY 2018 1 January 2018 - 30 June 2018
	€ 000	€ 000
Revenue	40,314	38,897
Cost of good sold	(23,357)	(18,218)
Gross margin	16,957	20,679
Marketing and selling expenses	(37,463)	(33,712)
General and administrative expenses	(18,528)	(12,648)
Operating loss before amortisation and depreciation	(39,034)	(25,681)
Amortisation, depreciation & write off	(3,145)	(2,283)
Operating profit/(loss)	(42,179)	(27,964)
Financial income/(expenses)	(4,892)	78,178
Other income and expenses	467	584
Profit/(loss) before tax	(46,604)	50,798
Income taxes	(108)	150
Profit/(Loss) for the half year	(46,712)	50,948
Exchange differences on translation of operations in foreign currencies	(491)	(1,683)
Total other gains/(losses) net of tax effect	(491)	(1,683)
Total comprehensive profit/(loss) for the half year	(47,203)	49,265

Interim condensed consolidated statement of financial position

For the half year ended 30 June 2019

	<u>30 June 2019</u>	<u>31 December 2018</u>
	€ 000	€ 000
Non-current assets		
Brand and other intangible assets	31,183	32,061
Properties, plant and equipment	13,696	15,267
Other non-current assets	8,813	10,617
Total non current assets	<u>53,692</u>	<u>57,945</u>
Current Assets		
Inventories and work in progress	35,287	44,352
Trade receivables	5,773	6,548
Other current assets	9,167	11,565
Cash and cash equivalents	18,549	32,505
Total current assets	<u>68,776</u>	<u>94,970</u>
Non-current liabilities		
Long term borrowings	116,493	103,098
Provisions	2,048	2,707
Deferred tax liabilities	48	84
Other non-current liabilities	4,750	4,917
Total non current liabilities	<u>123,339</u>	<u>110,806</u>
Current liabilities		
Short term borrowings	-	20
Trade payables	12,083	17,195
Provisions	1,244	1,249
Other current liabilities	19,306	21,445
Total current liabilities	<u>32,633</u>	<u>39,910</u>
Net assets/(liabilities)	<u><u>(33,504)</u></u>	<u><u>2,199</u></u>
Equity		
Share capital	1,026	1,000
Share premium	11,474	-
Cumulative translation adjustment	1,799	2,290
Retained earnings	(47,803)	(1,091)
Total Equity	<u><u>(33,504)</u></u>	<u><u>2,199</u></u>

Interim condensed consolidated statement of changes in equity

For the half year ended 30 June 2019

	Share capital	Share premium	Cumulative translation adjustment	Retained earnings	Total equity
	€ 000	€ 000	€ 000	€ 000	€ 000
Balance at 1 January 2018	1,000	-	-	(119)	881
Profit/(loss) for the period	-	-	2,290	(972)	1,318
Total comprehensive income/(expense) during the period	-	-	2,290	(972)	1,318
Balance at 31 December 2018	1,000	-	2,290	(1,091)	2,199
Profit/(loss) for the period	-	-	(491)	(46,712)	(47,203)
Total comprehensive income/(expense) during the period	-	-	(491)	(46,712)	(47,203)
Issue of share capital	26	11,474	-	-	11,500
Balance at 30 June 2019	1,026	11,474	1,799	(47,803)	(33,504)

Interim condensed consolidated cash flow statement

For the half year ended 30 June 2019

	HY 2019 1 January 2019 - 30 June 2019	HY 2018 1 January 2018 - 30 June 2018
	€ 000	€ 000
Cash and cash equivalent at the beginning of the year	32,485	7,712
<u>Cash flows from operating activities</u>		
Net income/(loss) of the year	(46,712)	50,798
Waiver old shareholder loan	-	-
Depreciation and amortisation	3,148	2,283
(Increase)/Decrease in inventories	9,065	3,170
(Increase)/Decrease in receivables	88	478
Increase/(Decrease) in payables	(5,121)	(6,077)
Increase/(Decrease) in provision	(876)	784
Other working capital variation	827	(81,546)
Net cash generated from operating activities	(39,590)	(30,110)
<u>Cash flow from investing activities</u>		
Investment in property, plant and equipment	(459)	(566)
Repayment on financial fixed assets	675	-
Investment in intangible assets	970	(1,338)
Net cash used in investing activities	1,186	(1,904)
<u>Cash flow from financing activities</u>		
Long term borrowing	13,395	35,477
Proceeds from issuance of shares	11,500	-
Net cash generated from financing activities	24,895	35,477
Effect of forex on cash	(426)	(2,306)
Cash and cash equivalent at the end of the period	18,549	8,869
<i>Analysis of Net Cash</i>		
	30 June 2019	30 June 2019
Cash and cash equivalents as per Balance Sheet	18,549	10,992
Bank overdrafts	-	(2,123)
Net Cash	18,549	8,869

Notes to the interim condensed consolidated financial statements

1. Corporate and group information including business, operations and management

1.1 Corporate information

The interim condensed consolidated financial statements of La Perla Fashion Holding N.V. and its subsidiaries (the “Group”) for the six months ended 30 June 2019 were authorised for issue in accordance with a resolution of the directors on 4 October 2019.

1.2 Activities

La Perla Fashion Holding N.V. (“the Company”, “Group” or “La Perla”) is a public limited company incorporated in Amsterdam, The Netherlands and has its place of business at Schiphol, The Netherlands. The company is registered at the Chamber of Commerce at 66809681.

The Group operates in the markets of luxury women’s and men’s underwear and swimwear (hereinafter the “Business”). The activities of design, production and sale (through retail and wholesale channels) are performed by the Group through its network of subsidiaries. The direct subsidiary La Perla Global Management (UK) is the Principal in all intercompany transactions, purchasing goods from the manufacturing entity of the Group and reselling those to the distributors and the commercial subsidiaries.

Per date of authorization of the financial statements of 2018, 12 July 2019, the ultimate parent company is Tennor Holding B.V. which controlled 74% of the Company through La Perla Fashion Finance B.V.

1.3 Group structure

In the first half of 2019, there were no company acquisitions, in the first half year of 2018 the company acquired the La Perla group. In the first half year 2019, there were no changes in investments in associated companies and joint ventures.

In the first half of 2019 the Company issued 2,555,556 shares at a price of € 4.50 per share.

2. Basis of preparation

2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2018.

The interim condensed consolidated financial statements are presented in euros and all values are rounded to the nearest thousand (€000), except when otherwise indicated.

2.2 Going Concern

For the six months ended 30 June 2019, the Group reported a total comprehensive loss of € 46.7 million (profit first-half 2018: € 49.3 million which includes the bargain purchase of € 76.6 million) and a negative shareholders’ equity of € 45.0 million (31 December 2018: € 2.1 million positive).

The directors have considered the going concern assumption given the current trading of the Company and Group and the funding considerations of the Group and have formed the conclusion that it is appropriate to consider that the Company will continue to operate in the foreseeable future. The Group has received a financial commitment from the parent company in writing, that the parent company will provide financial support to enable the Group to meet its financial obligations as they fall due.

In forming their judgment, the directors have also considered the following matters:

i) During 2018 and 2019, the Company received a letter of financial support from the ultimate parent company, Tennor Holding B.V. (“Tennor”) and on 13 July 2018, Tennor Holding B.V. secured a new debt facility up to € 250 million. As a result, the group will have a sufficient funding to enable it to meet its objectives and financial obligations. At the date of signing Tennor Holding B.V. and its subsidiaries paid € 116.5 million and although there is uncertainty, the Directors are confident that Tennor has the ability to provide all the necessary financial support to the Group in order to reach the result as showed in financial projections.

ii) The Company used a net operating cash flow for the financial six months ended 30 June 2019 of € 38,4 million (first-half 2018: € 32.0 million). The increase was mainly due to the reduction of inventory that could be utilized and the increase of financial expenses on long term borrowings. Management expect that the operating costs will be reduced in the subsequent financial year as a result of restructuring its operations, which will reduce the negative operating cash flows.

Although the restructuring is still ongoing and therefore includes uncertainties surrounding its implementation, the directors are confident that the reorganisation process will provide positive results in a short period of time allowing the Group to operate in the foreseeable future.

3. Revenues

	<u>HY 2019</u>	<u>HY 2018</u>
	€ 000	€ 000
Net sales	39,167	37,790
Royalties and other income	1,147	1,107
	<u>40,314</u>	<u>38,897</u>

4. Financial income/(expenses)

	<u>HY 2019</u>	<u>HY 2018</u>
	€ 000	€ 000
Interest expense on bank facilities and loans	(1)	(4)
Interest expense on loan from related parties and others	(4,895)	(480)
Other charges	(658)	(256)
Interest income from other non-current assets	-	6
Financial income as result of bargain purchase	-	76,613
Other financial income	4	(14)
Gain (loss) foreign exchange transaction	658	2,313
	<u>(4,892)</u>	<u>78,178</u>

5. Intangible fixed assets

	Industrial patens & software	Concessions, licences and trademarks	Key money	Other intangibles	Asset under contrution	Total
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Cost						
At 1 January 2018	-	-	-	-	-	-
Additions	-	-	-	-	153	153
Acquisition of a subsidiary	2,820	29,991	2,590	6	1,237	36,644
Disposals	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-
Currency translation	-	-	-	-	-	-
At 31 December 2018	2,820	29,991	2,590	6	1,390	36,797
Depreciation						
At 1 January 2018	-	-	-	-	-	-
Charge for the year	(717)	(1,429)	-	-	-	(2,146)
Disposals	-	-	(2,590)	-	-	(2,590)
Currency translation	-	-	-	-	-	-
At 31 December 2018	(717)	(1,429)	(2,590)	-	-	(4,736)
Net book value 31 December 2018	2,103	28,562	-	6	1,390	32,061
Cost						
At 1 January 2019	2,820	29,991	2,590	6	1,390	36,797
Additions	30	-	-	145	28	203
Disposals	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-
Currency translation	-	-	-	-	-	-
At 30 June 2019	2,850	29,991	2,590	151	1,418	37,000
Depreciation						
At 1 January 2019	(717)	(1,429)	(2,590)	-	-	(4,736)
Charge for the year	(362)	(715)	-	(4)	-	(1,081)
Disposals	-	-	-	-	-	-
Currency translation	-	-	-	-	-	-
At 30 June 2019	(1,079)	(2,144)	(2,590)	(4)	-	(5,817)
Net book value 30 June 2019	1,771	27,847	-	147	1,418	31,183

6. Tangible fixed assets

	Land and buildings	Machinery and equipment	Fixtures and tools	Retail fixtures and fittings	Leaseholds improvements	Construction in progress	Total
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Cost							
At 1 January 2018	-	-	-	-	-	-	-
Additions	1	18	1	197	854	11	1,082
Acquisition of a subsidiary	2,990	1,787	1,365	5,361	2,740	145	14,388
Disposals	-	-	-	(54)	-	-	(54)
Impairment losses	-	-	-	-	(327)	-	(327)
Reclasses	-	-	(320)	(2,569)	2,923	(34)	-
Currency translation	-	-	26	(15)	-	-	11
At 31 December 2018	2,991	1,805	1,072	2,920	6,190	122	15,100
Depreciation							
At 1 January 2018	-	-	-	-	-	-	-
Charge for the year	(123)	(247)	(733)	(589)	(1,161)	-	(2,853)
Disposals and write-off	-	3	298	528	2,191	-	3,020
At 31 December 2018	(123)	(244)	(435)	(61)	1,030	-	167
Net book value 31 December 2018	2,868	1,561	637	2,859	7,220	122	15,267
At 30 June 2019							
At 1 January 2019	2,991	1,805	1,072	2,920	6,190	122	15,100
Additions	5	185	5	45	184	48	472
Acquisition of a subsidiary	-	-	-	-	-	-	-
Disposals	-	-	(3)	(22)	(3)	-	(28)
Impairment losses	-	-	-	(541)	(1,128)	-	(1,669)
Reclasses	-	-	-	-	-	-	-
Currency translation	-	-	7	7	13	-	27
At 30 June 2019	2,996	1,990	1,081	2,409	5,256	170	13,902
Depreciation							
At 1 January 2019	(123)	(244)	(435)	(61)	1,030	-	167
Charge for the year	(74)	(151)	(175)	(408)	(901)	-	(1,709)
Disposals and write-off	-	-	-	552	784	-	1,336
At 30 June 2019	(197)	(395)	(610)	83	913	-	(206)
Net book value 30 June 2019	2,799	1,595	471	2,492	6,169	170	13,696

7. Equity

The equity of the Group as at 30 June 2019 amount to € 33.482 negative (at 31 December 2018: € 2.199). The share capital as at 30 June 2019 amounts to € 1,026 and consists of authorised, issued and fully paid 102,555,556 shares of € 0.01 per share.

Share premium is the difference between the issuance price of € 4.50 per share and the nominal value per share multiplied with the number of issued shares (2,555,556).

Cumulative translation adjustment and other reserves comprised:

- the exchange impact of the translation of the operation occurred in foreign currency;
- the cumulated effect of actuarial gain and loss generated by the application of IAS 19.

The changes in the shareholders' equity are illustrated in the consolidated financial statements. As at 30 June 2019 and 31 December 2018, the parent company and the companies of the Group did not hold any treasury shares.

8. Borrowings

	<u>30 June 2019</u>	<u>31 December 2018</u>
	€ 000	€ 000
<i>Unsecured at amortised cost</i>		
Loans from related parties	116,493	103,098
Bank overdraft	-	20
Total Borrowings	<u>116,493</u>	<u>103,118</u>
Non-current	116,493	103,098
Current	-	20
Total Borrowings	<u>116,493</u>	<u>103,118</u>

As at 30 June 2019, the Group presents a total financial indebtedness of € 116,493; as at 31 December 2018 the amount was € 103,118. Current borrowings amounted to nil (2018: € 20) while the non-current borrowing position amounted to € 116,493 (2018: € 103,098). The detail of the borrowings is provided below:

Loan from related parties refers to the facilities received from the indirect shareholder Tennor Holding B.V. and includes € 9,321 of accrued interest and fees. The long-term borrowings increased in 2019 as consequence of the refinancing strategy to make the group profitable. The financial costs incurred for the HY 2019 period is € 4,895 (HY 2018: € 485)

9. Significant events

During the first half year 2019 there were no significant events that might have impacted the critical accounting judgements and key sources of estimation uncertainties as disclosed in the financial statements as of 31 December 2018.

10. Subsequent events

Per 26 August 2019, La Perla Fashion Holding N.V., successfully issued 2,555,556 shares with a price of € 4.50 per share.

On 6 September 2019, La Perla Fashion Holding N.V., was listed on the Euronext Growth segment of Paris Stock Exchange.

There are no other significant new events of which the Company is aware of that would affect these 30 June 2019 half year financial statements.

11. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Trading transaction

During the six months period, group entities did not enter into trading transactions with related parties that are not members of the Group.

Loans to/from related parties

The Group has not provided any loans to related parties or to its key management personnel, while it has received loans from related parties. See note 8 for the financial amounts outstanding as at 30 June 2019.

12. Ultimate controlling party

On 30 June 2019 the ultimate parent company was Tennor Holding B.V. which controlled 74% of the Company through La Perla Fashion Finance B.V.

13. La Perla Group companies

List of Group entities as of 30 June 2019:

Name	Country of incorporation or legislation	Ownership interest at 30 June 2019
La Perla Management UK Limited	United Kingdom	100%
La Perla Manufacturing S.r.l	Italy	100%
La Perla Italia S.r.l.	Italy	100%
La Perla Fashion Group S.r.l.	Italy	100%
Gruppo La Perla Deutschland GmbH	Germany	100%
La Perla Store France S.à r.l.	France	100%
Gruppo La Perla Fashion Espana SA	Spain	100%
La Perla Portugal LDA	Portugal	100%
La Perla Store Espana SA	Spain	100%
La Perla (UK) Ltd.	United Kingdom	100%
La Perla North America Inc.	United States	100%
La Perla Store Suisse SA	Switzerland	100%
La Perla Far East Ltd.	Hong Kong	100%
La Perla Asia Pte LTD	Singapore	100%
La Perla Beijing Trading Co. LTD	China	100%
La Perla Shanghai Trading Co. Ltd.	China	100%
La Perla Korea Ltd.	Korea	100%
La Perla Malaysia SDN. BHD.	Malaysia	100%
La Perla Macau Limited	Macau	100%
La Perla Japan KK	Japan	100%
LPGM Middle East Readymade Garments Trading LLC	U. A. Emirates	100%
La Perla Mexico S.A.	Mexico	100%